

CONTRACT #11
RFS # 350.40-044-07

**Department of Finance &
Administration
Division of Insurance
Administration**

VENDOR:
**BlueCross BlueShield of
Tennessee**



17
RECEIVED

MAY 15 2007

FISCAL REVIEW

**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION**


312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Richard Chapman
EXECUTIVE DIRECTOR

MEMORANDUM

To: James White, Executive Director, Fiscal Review Committee

From: Richard Chapman 

Date: May 9, 2007

RE: Late Request for an Amendment to Include Application Assistance for AccessTN

Please find attached a Non-Competitive Amendment request to add language to the existing contract with BlueCross BlueShield of Tennessee signed by Commissioner Goetz. The modification to the Access Contract through this amendment provides for the application assistance that was proposed to and approved by the Access Tennessee Board on April 19, 2007.

The plan administrator would pend and follow-up on incomplete or incorrectly submitted applications, rather than return or indicate to the applicant that they do not qualify, and would re-route the application for additional consideration if appropriate. During the year, the number of personnel and the cost would be varied between the Plan and Blue Cross as application volume required. The complexity and magnitude of the application for AccessTN has resulted in a rate of incomplete applications which indicates this change in process is warranted. The Plan Administrator is in the ideal position to assist in application assistance and will maintain in HIPAA compliance concerning sharing of health information. The process to develop an amendment, determine the appropriate pricing for the required staffing and prepare the amendment documents was occurring simultaneously. Finalizing the terms of the amendment was not reached until this week. The prior amendment number one to the contract for AccessTN needed to be fully processed prior to discussion of the terms of this amendment.

The base contract and amendment number one is included as is a draft of the amendment created to address the application assistance to be provided by the plan administrator. The addition to the scope of services and the rate of compensation for this service has been approved by the Access Tennessee Board of Directors.

Thank you for your consideration of this request.



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION**


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Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
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Dave Goetz
COMMISSIONER

Richard Chapman
EXECUTIVE DIRECTOR

MEMORANDUM

TO: Commissioner M. D. Goetz, Jr.

FROM : Richard Chapman 

DATE: May 9, 2007

RE: **Amendment for Application Assistance for AccessTN applicants**

This is to request a start date for the amendment to the BlueCross BlueShield of Tennessee contract with a scope of services to provide application assistance to individuals preparing and/or submitting applications for AccessTN. The plan administrator, at the request of the Access Tennessee Board, is expanding its capability to assist uninsured Tennesseans in the efforts to qualify as uninsurable for the State's new high risk pool. This request is in advance of 60 days after the receipt of the non-competitive contract amendment request provided to you for your approval.

This contract will allow BlueCross BlueShield of Tennessee to provide application assistance services for individuals submitting an application for AccessTN. The plan administrator would pend and follow-up on incomplete or incorrectly submitted applications, rather than return or indicate that the applicant does not qualify, and would re-route the application for additional consideration if appropriate. During the year, the number of personnel and the cost would be varied between the Plan and Blue Cross as application volume required. With the pending May 15, 2007 start date, speed of implementation is in the best interest of the State and reflects the startup nature of this component of Cover Tennessee.

Thank you for your consideration of this request.

REQUEST: NON-COMPETITIVE AMENDMENT

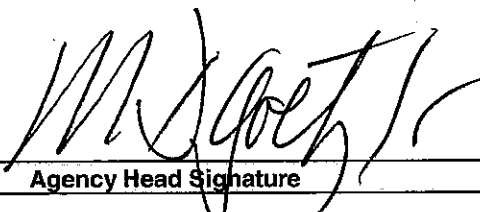
APPROVED

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.

1) RFS #	#350-40-044-07	
2) State Agency Name :	Finance and Administration	
EXISTING CONTRACT INFORMATION		
3) Service Caption :	To provide statewide administrative services for the AccessTN program.	
4) Contractor :	BlueCross BlueShield of Tennessee	
5) Contract #	FA-07-20304-00	
6) Contract Start Date :	February 13, 2007	
7) <u>Current</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2011	
8) <u>Current</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$4,625,000	
PROPOSED AMENDMENT INFORMATION		
9) <u>Proposed</u> Amendment #	# 2	
10) <u>Proposed</u> Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	May 1, 2007	
11) <u>Proposed</u> Contract End Date IF <u>all</u> Options to Extend the Contract are Exercised :	December 31, 2011	
12) <u>Proposed</u> Total Maximum Cost IF <u>all</u> Options to Extend the Contract are Exercised :	\$5,750,000	
13) Approval Criteria : (select one)	<input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service	
14) Description of the Proposed Amendment Effects & Any Additional Service :		
The amendment expands the Contractor's scope of services to include the provision of application assistance services by BlueCross BlueShield of Tennessee to assist individuals applying for AccessTN whose application is incomplete in order to expedite the application process and ensure the timely enrollment of qualified individuals.		
15) Explanation of Need for the Proposed Amendment :		
Application assistance would assist in streamlining the application process and reduce the number of applications returned for		

additional information.		
16) Name & Address of Contractor's Current Principal Owner(s) : (<u>not</u> required if proposed contractor is a state education institution)		
BlueCross BlueShield of Tennessee, Inc., 801 Pine St - 4G, Chattanooga, TN 37402		
17) Documentation of Office for Information Resources Endorsement : (required <u>only</u> if the subject service involves information technology)		
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request	<input type="checkbox"/> Documentation Attached to this Request
18) Documentation of Department of Personnel Endorsement : (required <u>only</u> if the subject service involves training for state employees)		
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request	<input type="checkbox"/> Documentation Attached to this Request
19) Documentation of State Architect Endorsement : (required only if the subject service involves construction or real property related services)		
select one:	<input checked="" type="checkbox"/> Documentation Not Applicable to this Request	<input type="checkbox"/> Documentation Attached to this Request
20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :		
BlueCross BlueShield of Tennessee is in an excellent position to deal with the pending applications and will ensure HIPAA compliance in the performance of the application assistance.		
21) Justification for the Proposed Non-Competitive Amendment :		
It does not seem prudent to seek an additional third party to provide application assistance that adds an additional layer of administration and source of contact for the applicants. BlueCross BlueShield of Tennessee will ensure HIPAA and AccessTN program compliance and be able to facilitate the application process immediately.		
REQUESTING AGENCY HEAD SIGNATURE & DATE : (<u>must</u> be signed & dated by the <u>ACTUAL</u> procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)		
		<div style="font-size: 2em; font-family: cursive;">5/11/07</div>
Agency Head Signature		Date

C O N T R A C T S U M M A R Y S H E E T

8-8-05

RFS #	Contract #
350.40-044-07	FA-07-20304-
State Agency	State Agency Division
Dept. of Finance and Administration	Division of Insurance Administration
Contractor Name	Contractor ID # (FEIN or SSN)
Blue Cross Blue Shield of Tennessee, Inc.	<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-0427913

Service Description			
To provide statewide administrative services for the AccessTN program.			
Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
February 13, 2007	December 31, 2009	Vendor	

Mark, if Statement is TRUE					
<input checked="" type="checkbox"/> Contractor is on STARS as required			<input checked="" type="checkbox"/> Contractor's Form W-9 is on file in Accounts as required		
Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
317.86	21	891	54		
FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007			\$829,000		\$829,000
2008			\$1,835,000		\$1,835,000
2009			\$1,835,000		\$1,835,000
2010			\$1,251,000		\$1,026,000
TOTAL:			\$5,750,000		\$5,750,000

— COMPLETE FOR AMENDMENTS ONLY —			State Agency Fiscal Contact & Telephone #	
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	John G. Anderson 13 th Floor, Tennessee Tower 615-741-8642 State Agency Budget Officer Approval	
FY: 2007	\$604,000	\$225,000		
FY: 2008	\$1,610,000	\$225,000		
FY: 2009	\$1,610,000	\$225,000		
FY: 2010	\$801,000	\$450,000		
TOTAL:			Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)	
	\$4,625,000.00	\$1,125,000.00		
End Date:	Dec. 31, 2009	Dec. 31, 2009		

Contractor Ownership				
<input type="checkbox"/> African American	<input type="checkbox"/> Disabled	<input type="checkbox"/> Hispanic	<input type="checkbox"/> Small Business	<input checked="" type="checkbox"/> NOT minority/disadvantaged
<input type="checkbox"/> Asian	<input type="checkbox"/> Female	<input type="checkbox"/> Native American	<input type="checkbox"/> OTHER minority/disadvantaged—	

Contractor Selection Method		
<input checked="" type="checkbox"/> RFP	<input type="checkbox"/> Competitive Negotiation	<input type="checkbox"/> Alternative Competitive Method
<input type="checkbox"/> Non-Competitive Negotiation	<input type="checkbox"/> Government	<input type="checkbox"/> Other

Procurement Process Summary

**AMENDMENT TWO
TO CONTRACT NUMBER FA-07-20304-00**

The Contract, by and between the Access Tennessee Board of Directors, hereinafter referred to as the State and BlueCross BlueShield of Tennessee, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section A.2.4. in its entirety and insert the following in its place:

A.2.4 The Contractor shall assess whether all potential applicants meet the requirements for enrollment in the Plan according to the eligibility and enrollment requirements. The State reserves the authority to revise the eligibility requirements during the term of this contract. The Contractor shall utilize the following process for enrollment. The Contractor shall review each application for the requirements specified in the plan regulations or as instructed by the State and shall determine if the applicant is eligible to be a member in the plan.

- Beginning on the date the Contractor receives an application, the Contractor shall have fourteen (14) calendar days in which to make a disposition on the application. Disposition shall mean determination that the applicant does not qualify, approve the application, return the application for additional information, or refer the application to State-approved vendors for additional processing.
- If the application is determined to be incomplete, the Contractor will attempt to make the application complete by making phone calls to the applicant or physician if related to medical information. If the Contractor is unable to make contact with the applicant by phone, the Contractor will mail the applicant a postcard requesting the applicant contact the Contractor. The Contractor will return the application if there is no response from the applicant to the postcard within ten (10) business days. In such instances, the applicant may subsequently reapply for coverage.
- The days spent following up on an incomplete application will be excluded from the fourteen (14) calendar days during which the Contractor is required to make a disposition on the application.
- The Contractor shall send a letter to the applicant including an appropriate explanation of the eligibility determination and information about the appeal procedures if the applicant is found to be ineligible for the Plan. The Contractor shall issue a refund check of the initial subscriber contribution based on State established refund guidelines.
- The Contractor shall determine which provision or provisions of the Plan regulations apply to the applicant if the applicant is found to be eligible for the Plan.
- Coverage for eligible members, whose complete applications are approved on or before the 15th of the month, shall begin on the first day of the next month. Coverage for members whose complete applications are approved after the 15th of the month will begin on the first day of the second month.

2. Delete Section C.1. in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Five Million Seven Hundred Fifty Thousand Dollars (\$5,750,000.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor

in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. Delete Section C.3. in its entirety and insert the following in its place:

- C.3. Payment Methodology. The Contractor shall be compensated based on the rates herein for service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A. The Contractor shall be compensated based upon the following PMPM Rates:

PMPM Administrative Fee	PMPM 2007	PMPM 2008	PMPM 2009
AccessTN Plans (PPO)	\$18.57	\$18.57	\$18.57
AccessTN Plan 2500 (HSA eligible HDHP)	\$26.00	\$26.00	\$26.00

If the State, subject to a sixty (60) day notice, elects to provide for the administration of the Pharmacy Benefit (as detailed in A.10) or Disease Management (as detailed in A.9.7) or to collect premiums (as detailed in A.3) then the PMPM administrative fee shall be reduced by the associated amount detailed in the schedule below. If the adjustment takes place in the first or second year of the contract extension provided for in B.2., then the carve out reduction amounts will be increased by the same percentage that resulted from the process outlined below in C.3.1 or C.3.2.

Potential Carve Out	PMPM 2007	PMPM 2008	PMPM 2009
Reduction for Disease Management	\$1.09	\$1.09	\$1.09
Reduction for Pharmacy	\$0.78	\$0.78	\$0.78
Reduction for Premium Collection	\$1.24	\$1.24	\$1.24

The Contractor shall be compensated for the application assistance service provided at a monthly rate of \$4,687.50 per staff member and includes all costs associated in the provision of the service per staff member. The Contractor may be required by the State to provide up to four (4) individual staff assigned to this function on a monthly basis for the term of the Contract, but the number of staff required may be reduced by the State following discussion with the Contractor at any time should the need for the service no longer exist. The State will make a one-time payment of Five Thousand Dollars (\$5,000.00) for the Contractor's expense to identify applications that had previously not qualified under the presumptive eligibility category and sending these applications for underwriting services.

The Contractor shall submit monthly invoices, in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service for the amount stipulated. The State shall compensate the Contractor monthly for all services outlined in this contract, at the PMPM and other service based rates indicated, based upon the number of members certified by the Contractor to the State.

The other terms and conditions of this contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

BLUECROSS BLUESHIELD OF TENNESSEE, INC.:

RONALD E. HARR, SENIOR VICE PRESIDENT

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY

ACCESS TENNESSEE BOARD OF DIRECTORS:

M. D. GOETZ, JR., CHAIRMAN

DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. GOETZ, JR., COMMISSIONER

DATE

COMPTROLLER OF THE TREASURY:

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY

DATE



**GENERAL ASSEMBLY OF THE STATE OF TENNESSEE
FISCAL REVIEW COMMITTEE**

320 Sixth Avenue, North – 8th Floor
NASHVILLE, TENNESSEE 37243-0057
615-741-2564

Rep. Charles Curtiss, Chairman

Representatives

Curt Cobb	Donna Rowland
Curtiss Johnson	David Shepard
Gerald McCormick	Curry Todd
Mary Pruitt	Eddie Yokley
Craig Fitzhugh, <i>ex officio</i>	
Speaker Jimmy Naifeh, <i>ex officio</i>	

Sen. Douglas Henry, Vice-Chairman

Senators

Doug Jackson	Reginald Tate
Bill Ketron	Jamie Woodson
Paul Stanley	
Randy McNally, <i>ex officio</i>	
Lt. Governor Ron Ramsey, <i>ex officio</i>	

M E M O R A N D U M

TO: The Honorable Dave Goetz, Commissioner
Department of Finance and Administration

FROM: Charles Curtiss, Chairman, Fiscal Review Committee
Bill Ketron, Chairman, Contract Services Subcommittee

DATE: April 24, 2007

SUBJECT: **Contract Comments**
(Contract Services Subcommittee Meeting 4/23/07)

cc
B/K

RFS# 350.40-044

Department: Finance & Administration

Division: Insurance Administration

Contractor: BlueCross BlueShield of Tennessee

Summary: Vendor is currently responsible for the delivery of AccessTN Self Insured Health Plan Services, including, but not limited to, provider network development and maintenance, eligibility and enrollment, premium billing and collection, pharmacy benefits, customer service and claims adjudication. This amendment is add a third high-deductible health plan option to the existing two health plans.

Maximum liability: \$4,600,000

Maximum liability with amendment: \$4,625,000

After review, the Fiscal Review Committee voted to recommend approval of the contract amendment.

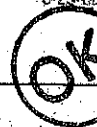
cc: Mr. Richard Chapman, Executive Director
Mr. Robert Barlow, Director, Office of Contracts Review

REQUEST: NON-COMPETITIVE AMENDMENT

CY07

#362

B-25-05



APPROVED

permitted certified/authorized
F&A Commissioner signature

Commissioner of Finance & Administration

Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED

1) RFS # #350-40-044-07

2) State Agency Name Finance and Administration

EXISTING CONTRACT INFORMATION

3) Service Caption : To provide statewide administrative services for the AccessTN program.

4) Contractor : BlueCross BlueShield of Tennessee

5) Contract # FA-07-20304-00

6) Contract Start Date : February 13, 2007

7) Current Contract End Date IF all Options to Extend the Contract are Exercised : December 31, 2011

8) Current Total Maximum Cost IF all Options to Extend the Contract are Exercised : \$4,600,000

PROPOSED AMENDMENT INFORMATION

9) Proposed Amendment # #1

10) Proposed Amendment Effective Date : April 1, 2007
(attached explanation required, if date is > 60 days after F&A receipt)

11) Proposed Contract End Date IF all Options to Extend the Contract are Exercised : December 31, 2011

12) Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised : \$4,625,000

13) Approval Criteria :
(select one)



use of Non-Competitive Negotiation is in the best interest of the state



only one uniquely qualified service provider able to provide the service

OCR

APR 24 2007

14) Description of the Proposed Amendment Effects & Any Additional Service

RECEIVED

This amendment would establish the capability of the State to offer a high deductible health plan that meets the requirements of the authorizing legislation for AccessTN and to be in combination with a health savings account (HSA).

15) Explanation of Need for the Proposed Amendment :

The enabling legislation for AccessTN requires the Board to establish at least two benefit plans and contemplates that one of those plans be a high deductible health plan that meets the legislative requirement and could be combined with a HSA. The HAS-eligible high

deductible health plan would fulfill this legislative requirement. The two plans currently offered are both Preferred Provider Organization (PPO) plans with a \$1,000 or \$5,000 deductible but are not HAS-eligible. Enrollment in this anticipated third option is expected to be minimal as the enrollment in high deductible plans remains fairly small on a national level.

16) Name & Address of Contractor's Current Principal Owner(s)

(not required if proposed contractor is a state education institution)

BlueCross BlueShield of Tennessee, Inc., 801 Pine St - 4G, Chattanooga, TN 37402

17) Documentation of Office for Information Resources Endorsement

(required only if the subject service involves information technology)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement

(required only if the subject service involves training for state employees)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

19) Documentation of State Architect Endorsement

(required only if the subject service involves construction or real property related services)

select one:



Documentation Not Applicable to this Request



Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives

BlueCross BlueShield of Tennessee, Inc. has been approached as to their ability to add this third option to the existing contractual agreement for administration of AccessTN. The Contractor seems confident that they can add this third option economically from an administrative fee standpoint for individuals interested in this option.

21) Justification for the Proposed Non-Competitive Amendment

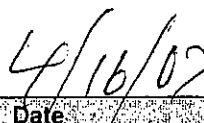
As the enrollment is not expected to be high in the High Deductible Option, it seems most cost efficient to use the current Contractor rather than seek an additional, separate contractor to administer this benefit option with a potential limited enrollment.

REQUESTING AGENCY HEAD SIGNATURE & DATE:

(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR—signature by an authorized signatory will be accepted only in documented exigent circumstances)



Agency Head Signature



Date



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
INSURANCE ADMINISTRATION**

312 Eighth Avenue North
Suite 2600 William R. Snodgrass Tennessee Tower
Nashville, Tennessee 37243
FAX (615) 253-8556

Dave Goetz
COMMISSIONER

Richard Chapman
EXECUTIVE DIRECTOR

February 15, 2007

MEMORANDUM

TO: Members of the Board of Directors - AccessTN

FROM: David Hilley, Director – AccessTN
Richard Chapman, Executive Director

SUBJECT: High Deductible Health Plan Administration

The purpose of this correspondence is to review with you the status of AccessTN's efforts to develop and offer a High Deductible Health Plan that can be combined with a Health Savings Account. The enabling legislation (see Section 56-7-2910, Tennessee Code Annotated) requires that the Board offer at least two health care options to each eligible person. Additionally, the legislation requires that one of the options be modeled after one of the healthcare options offered to state employees under the State Plan and one shall combine a health savings account with a high deductible health plan.

Health savings accounts can be established by financial institutions and other entities and are generally available in the marketplace for both firms and individuals.

The Board, in establishing the plan benefits, adopted a structure that included Plan 2500 which meets the standard for a qualified high deductible plan necessary to qualify through the IRS test for a health savings account and having contributions to the health savings account qualify on a pre-tax basis and for accumulation on a multi-year basis.

When the Division prepared the Request For Proposals for plan administrators, we did not include the administration of a high deductible plan in that procurement. We did include the requirements for Plan 1000 (the medium plan) and Plan 5000 that provides catastrophic coverage after a significant deductible.

Following the award of the contract for plan administration to BlueCross, the Division of Insurance Administration conducted discussions with BlueCross relative to their ability and willingness to administer a high deductible health plan. We believe that this would be appropriate action for the Board to take to meet the legislative requirements and to provide for consolidated administration of AccessTN. Combining administration of these activities would simplify interaction with applicants and plan members, as well as providers; would consolidate administrative activity and would, in our minds, minimize administrative expense by combining all of the administrative activity associated with plan administration with a single contractor.

BlueCross has provided to us an estimate of the monthly fee for the high deductible health plan; \$26.00 per member per month. For your reference, the per member per month fee for administration of either of the other plans is \$18.57 per member per month. We asked BlueCross for the factors that impacted the higher fee and they indicated to us that, based on their experience with high deductible health plans, there was additional customer service required to deal with the additional inquiries from plan members over and above the normal health plan interaction with plan members. They asserted to us that they believed that an additional staff person would have to be assigned to the customer service unit to deal with the additional inquiries from an estimated 10 percent of the plan members (600) that would enroll in the high deductible option. They estimated the additional salary benefits costs of that individual as approximately \$45,000 per year and, predicated upon the enrollment estimates, would result in an increase in the per member per month fee of \$8.60.

The Division of Insurance Administration believes that expanding the application of the contract for administration of the high deductible health plan option represents an efficient way to secure these services and we believe that BlueCross' higher fee for that service is justified.

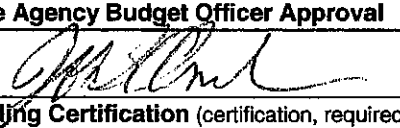
Expansion of the contract to include administration of the high deductible healthcare plan will require the approval of the Commissioner of Finance and Administration for a non-competitive procurement and a review and comment by the State Fiscal Review Committee.

Should you have any questions concerning this matter, staff is prepared to discuss those concerns at your convenience.

RLC

CONTRACT SUMMARY SHEET

8-8-05

RFS #		Contract #	
350.40-044-07		FA-07-20304-	
State Agency		State Agency Division	
Dept. of Finance and Administration		Division of Insurance Administration	
Contractor Name		Contractor ID # (FEIN or SSN)	
Blue Cross Blue Shield of Tennessee, Inc.		<input type="checkbox"/> C- or <input checked="" type="checkbox"/> V- 62-0427913	
Service Description			
To provide statewide administrative services for the AccessTN program.			
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Allotment Code	Cost Center	Object Code	Fund
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Funding Grant Code	Funding Subgrant Code		
FY	State	Federal	Interdepartmental
2007			\$604,000
2008			\$1,610,000
2009			\$1,610,000
2010			\$801,000
TOTAL:			\$4,625,000
— COMPLETE FOR AMENDMENTS ONLY —			
FY	Base Contract & Prior Amendments	THIS Amendment ONLY	State Agency Fiscal Contact & Telephone #
FY: 2007	\$600,000	\$4,000	John G. Anderson 13 th Floor, Tennessee Tower 615-741-8642
FY: 2008	\$1,600,000	\$10,000	State Agency Budget Officer Approval 
FY: 2009	\$1,600,000	\$10,000	
FY: 2010	\$800,000	\$1,000	
TOTAL:	\$4,600,000.00	\$25,000.00	Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)
End Date:	Dec. 31, 2009	Dec. 31, 2009	
Contractor Ownership			
<input type="checkbox"/> African American <input type="checkbox"/> Disabled <input type="checkbox"/> Hispanic <input type="checkbox"/> Small Business <input checked="" type="checkbox"/> NOT minority/disadvantaged			
<input type="checkbox"/> Asian <input type="checkbox"/> Female <input type="checkbox"/> Native American <input type="checkbox"/> OTHER minority/disadvantaged—			
Contractor Selection Method			
<input checked="" type="checkbox"/> RFP <input type="checkbox"/> Competitive Negotiation <input type="checkbox"/> Alternative Competitive Method			
<input type="checkbox"/> Non-Competitive Negotiation <input type="checkbox"/> Government <input type="checkbox"/> Other			
Procurement Process Summary			